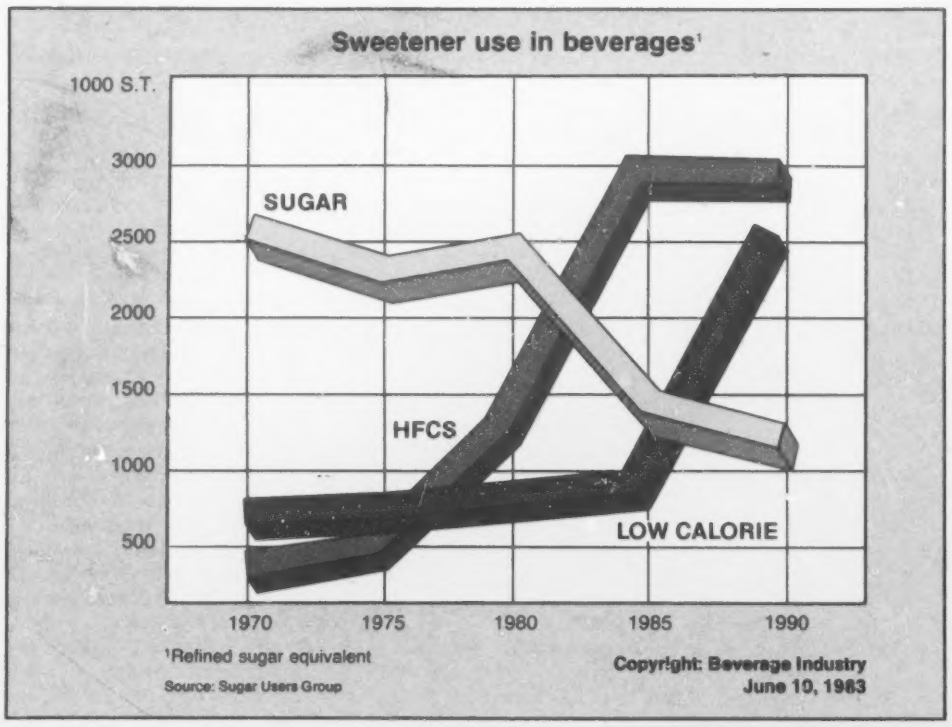
SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

JUNE 10, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION



Sweeteners spark further segmentation

By Gary Hemphill

SPECIAL REPORT — In the past, the soft drink industry's segmentation has been along the lines of flavors. Today, the segmentation is taking place on the ingredient level.

Instead of a new flavor, we have a caffeine-free version of an existing flavor. Tomorrow: a new sweetener for that product.

Hopes are high that this further segmentation can create added growth in the industry.

Roberto C. Goizueta, chairman of the board and CEO of The Coca-Cola Co., told SSDT members in April, "Soft drinks have grown from a soda fountain confection to this nation's number one commercial beverage.

"And this was done by our never being content merely to satisfy yesterday's markets. Instead, we have gathered every opportunity to create new markets.

"That's what our industry is all about — creating new markets — creating new consumers of our products by carving out new markets," he added.

A big part of this segmentation should take place with sweeteners.

The announcement by Pepsi-Cola that it will authorize 50% utilization of HFCS 55 in its bottled and canned products signals the last big blast in the marketing and segmentation battles which many key executives have predicted will take place

(Continued on page 10)

Alcohol ads again under scrutiny by consumers

WASHINGTON, DC — In a plea for increased regulatory muscle, a Federal Trade Commissioner and a consumer group have asked Congress to direct the Consumer Protection Agency to reopen an investigation into alcoholic beverages advertising practices.

Commissioner Michael Pertschuk recently told the Senate Commerce Committee that FTC should examine the extent to which beer, wine and liquor advertisers "may be encouraging the consumption of alcohol by highly vulnerable groups, particularly young and heavy drinkers."

The agency began investigating these issues in 1976, zeroing in on Anheuser-Busch and Somerset Importers based on allegations that the two companies may have been in research to target ads toward problem drinkers.

Although the commission voted to drop the inquiry last year, the Center for Science in the Public Interest (CSPI) has released a memo from FTC's New York regional office in which its staff asserted that the data it collected "indicated that these two companies might have developed and disseminated advertisements especially designed to appeal to actual or potential alcohol abusers." Nevertheless, the staff shied away from investigating the two companies when "it appeared that the promotional practices questioned might be widespread in the industry."

CSPI charged that FTC's investigation was aborted due to political reasons, which FTC claims is "absurd." However, the consumer group stressed that "the industry's efforts to treat problem drinkers as their best customers and urge through advertising to drink even more, represent outrageous conduct that must be fully investigated and brought to a halt."

CSPI cited Michelob's slogan "Put a little weekend in your week," as an example of a statement that is "highly supportive of a heavy drinker's daily drinking style."

The United States Brewers Association said CSPI's allegations were "nonsense," and the Distilled Spirits Council of the U.S. added that the statements are "the opposite of the truth. Responsible officials and agencies of the federal government have praised the industry for its unique and responsible efforts to maintain high standards in advertising and to encourage moderate use of our products."

At presstime, the Senate Commerce Committee had no immediate plans to pursue the request to reopen the investigation.

Ingredient labeling rule challenged in dist. court

WASHINGTON, DC — A district court ruling requiring the government to reinstate its alcohol ingredient labeling rule next February has been appealed by the Bureau of Alcohol, Tobacco and Firearms (ATF), the Wine Institute and the Distilled Spirits Council of the U.S.

The rule, originally issued in June 1980 and rescinded in November 1981 under the Reagan administration's regulatory review, requires alcoholic beverage manufacturers to list their products' ingredients on the container or provide an address on the label where consumers can obtain this data.

In a suit filed in March 1982, the Center for Science in the Public Interest alleged that ATF's rule rescission

(Continued on page 23)

STATISTICAL REF INDEX CIS
4452D EAST WEST HWY SILVER SPG
BETHESDA MD 20814
0170 0375981 41 91

Coke caffeine free colas target 50% of segment

By Holly Klokis

NEW YORK—Coca-Cola USA has finally done the expected: caffeine free Coke, diet Coke and Tab have been introduced in Denver and Salt Lake City, in what the company hopes will pave the way for the cola giant to take a lion's share of yet another market segment.

Speaking at a recent press conference here, Coke USA President Brian Dyson estimated the current caffeine free cola market share at 7-8%. With the introduction of Coke's three caffeine free brands, said Dyson, Coke expects to double the category by 1984, taking 50% of it with the new products.

As it did with the introduction of diet Coke, Coca-Cola plans to pursue the market aggressively, reaching 80%

(Continued on page 9)

BI Week

• NSDA preliminary sales data for 1983 reveals a 5.7% increase in wholesale value to $21.2 billion and a 2.7% increase in gallonage, to 4.1 million cases. Per capita reached 419.5. Units shipped were up 2.4%; bulk, 4.7%; and packaged 2.4%.

Bulk made up 22.7% of the market — 83.4% postmix and 16.6% pre-mix — and packaged was 77.3%. Plastic containers accounted for 21.4% of the packaged market; one-way bottles, 15.7%; cans, 36.5%; and refillables — the only

(Continued on page 35)

BEST AVAILABLE COPY

Contents

More non-nutritive sweeteners for '83?

A special **BI** report focusing on the current sweetener and ingredient market reveals that this year, the soft drink industry's main area of segmentation is taking place on the ingredient level, not the flavor level as in previous years.

Hopes are high that further segmentation can create added growth in the industry, the report says.

On the horizons are a number of noncaloric sweeteners, which should add to this segmentation in the sweetener category, according to the report, which quotes several industry experts. See **page 1.**

Coke jumps on no-caffeine wagon

Caffeine-free Coke, diet Coke and Tab have been introduced in the Denver and Salt Lake City areas, giving the Coca-Cola Co. a chance to jump on the caffeine-free bandwagon.

At a recent press conference in New York City, Coke-USA president Brian Dyson announced the development of the brands. See **page 1.**

Packaging industry shows decline in '82

The Tenth Annual Container Conference was held recently in New York City, and it was learned the packaging industry had just come off its second unimpressive year in a row. However, industry analyst Art Stupay of Prescott Ball & Turben sees a better future for the industry than '82 showed.

Over-capacity for glass, low [illegible]g rates for cans, [illegible] capacity packag[illegible]on rates and high [illegible]ounting of PET resulted in total volume to be flat-to-down in 1982. See **page 4.**

IFT meeting, expo slated for mid-June

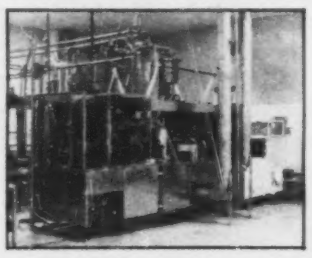
A record number of guests and exhibitors are expected to be on hand in New Orleans for the 43rd Annual Meeting of the Institute of Food Technologists, which will be held June 19-22 in the New Orleans Superdome.

The meeting and food expo will feature more than 20 symposia, programs and poster sessions, with more than 500 papers to be presented.

The meeting opens Sunday evening June 19, in the Regency Ballroom of the Hyatt Regency. Deadline for preregistration has passed, but walk-in registration will be accepted. See **page 13.**

Aseptically-packed apple juice debuts

Indian Summer, one of the largest apple juice/apple cider processors in the U.S., launched into aseptic packaging at its plant in Sodus, NY, last month. Based in Winnetka, IL, the company has committed some $2 million for installation of two aseptic packaging lines.



Presently, Indian Summer markets products in over 26 states. See **page 16.**

Hackney and Sons introduces "Combo"

While implementing environmental controls could present a hurdle for some distributors, Hackney and Sons, Inc. is offering delivery vehicles which can help them solve the short term problems.

These units, called "Combo" units, feature both insulated/refrigerated bays and conventional bays, all in one unit. See **page 23.**

ANGELUS HIGH-SPEED BEER/BEVERAGE SEAMERS

OPTIMIZE YOUR R.O.I.

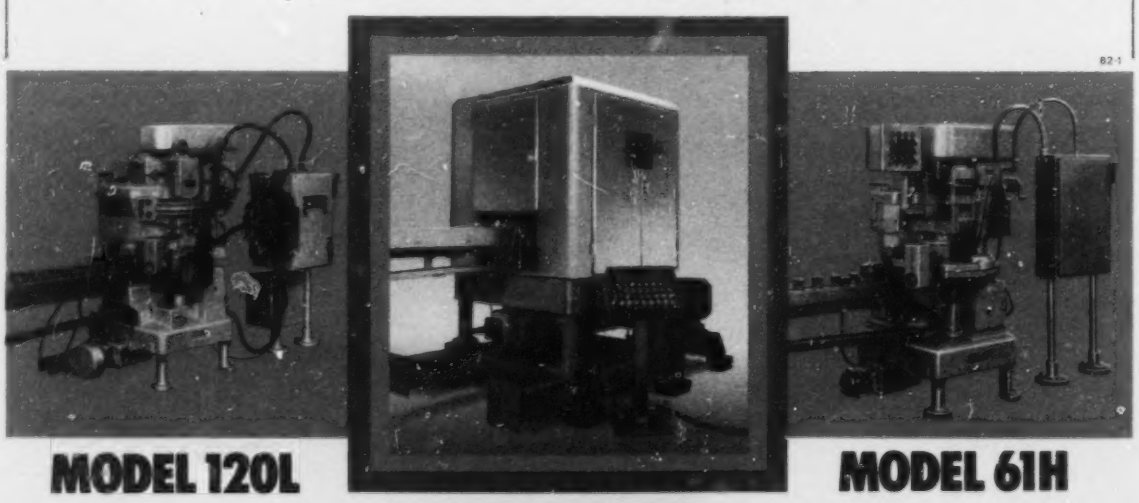
Maximum Return on Investment calls for a match between production requirements and production facilities. Whatever your production levels, there's an Angelus can seamer with an optimal seaming speed. **There's the new 180S** for top seaming rates. At more than 2,000 cans per minute, it's the fastest can seaming machine in the world. If you anticipate these levels in the near future, even if you aren't there right now, the 180S is a good investment in "futures."

The Angelus 120L closes up to 1,600 cans per minute—ample for all but the largest volume production. While slightly slower in speed, it matches the high quality and exclusive features of the 180S.

The Angelus 61H does a superb seaming job at more modest speed levels—up to 600 cans per minute. **These three machines** have a lot in common that make them real profit-makers. They can maintain their maximum production rates through long runs during peak periods. That's because they all have virtually automatic lubrication to minimize downtime (semi-automatic system on the seaming rolls). And they all are built to high Angelus quality standards—backed by more than 70 years experience. Of course there are many other Angelus machines, each one production matched to specific requirements. Write for information—stating your products, can sizes, and production rates. Angelus Sanitary Can Machine Co., 4900 Pacific Blvd., Los Angeles, CA 90058 • (213) 583-2171.

R.O.I.

ANGELUS



82-1

MODEL 120L

MODEL 61H

MODEL 180S

THE ULTIMATE SEAMING MACHINE

Circle No. 101 on Reader Service Card

Departments

Ad Index	32
Classified	28
Editorial	34
New Literature	27
News Makers	24
New Products	26
Reader Service	7
Supply House	25

HARCOURT BRACE JOVANOVICH PUBLICATIONS: Robert L. Edgell, Chairman; Richard Moeller, President; Lars Fladmark, Executive Vice President; Arland Hirman, Treasurer; Senior Vice Presidents: Thomas Greney, Ezra Pincus; Group Vice President: Pat O'Rourke; Vice Presidents: Joe Bilderbach, James Gherna, George Glenn, Harry Ramsley, Don Gussow.

BEVERAGE INDUSTRY (ISSN-0148-6187) is published semi-monthly by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich Publications. Corporate and Editorial offices: 7500 Old Oak Boulevard, Cleveland, Ohio 44130. Advertising offices: 757 Third Avenue, New York, New York 10017 and 111 East Wacker Drive, Chicago, Illinois 60601. Accounting, Advertising Production and Circulation offices: 1 East First Street, Duluth, Minnesota 55802. Subscription rates: $35 per year in the United States; $45 per year in Canada. All other countries: $70 per year. Single copies (prepaid only): $2 in the U.S.; elsewhere $6.00; add $3.00 for shipping and handling per order. Second class postage paid at Duluth, Minnesota 55802 and additional mailing offices.

Copyright © 1983 by Magazines For Industry, Inc., a subsidiary of Harcourt Brace Jovanovich, Inc. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Microfilm copies of articles are available through University Microfilm, International, 300 N. Zeeb Road, Ann Arbor, Michigan 48106.

POSTMASTER: Send address changes to BEVERAGE INDUSTRY, P.O. Box 6259, Duluth, Minnesota 55806.

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

JUNE 10, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Coke names new vp-operations

ATLANTA, GA — Thomas Dannemiller has been named senior vp-bottler operations, Coca-Cola USA, by president Brian G. Dyson.

Dannemiller formerly served as senior vp-administration, Coca-Cola USA. He replaces Marvin W. Griffin Jr., who has accepted the position of president and CEO of Coca-Cola Bottling Co. Consolidated of Charlotte, NC. Both moves became official May 1.

Backed by 20 years experience in the coffee and tea field, Dannemiller joined Coca-Cola USA in 1981 as special assistant to the president and for the past year and a half he has also served on boards of directors representing the equity position of Coca-Cola USA in various bottling franchises.

He also served as president of the Associated Coca-Cola Bottling Companies from April 1982 when this operation was purchased by the Coca-Cola Co. for disposition to new owners.

Dannemiller's responsibilities will include management of all operations relating to the Bottler Operations function of the domestic soft drink division of the Coca-Cola Co.

'82 beer imports show 10.3% volume increase

NEW YORK — In 1982, the imported beer industry volume grew 10.3% over '81, according to John C. Maxwell, **BI's** director of research/statistics. Heineken retained its number one position by a wide margin with 38.5% of the market, representing volume increase of 9.2% over 1981, Maxwell reports.

Molson was in second place with a 17.9% market share, followed by Becks with 7.9%. During 1982 imports accounted for 3.2% of the total U.S. beer market.

Maxwell also reported that European brands enjoyed strong growth last year, aided significantly by the strength of the dollar overseas, while some of the Mexican brands experienced declines. Maxwell believes a

(Continued on page 19)

Leading imported beer brands
(Mil. gallons and pct. of market)

	1979		1980		1981		1982		*
Heineken	59.1	42.9%	53.5	37.8%	62.9	38.9%	68.7	38.5%	9.2 %
Molson	29.3	21.3	31.7	22.4	32.0	19.8	32.0	17.9	–
Becks	5.6	4.1	7.3	5.2	10.0	6.2	14.0	7.9	40.0
Moosehead	2.0	1.5	5.6	4.0	7.9	4.9	11.2	6.3	41.8
Dos Equis	7.0	5.1	7.0	4.9	7.0	4.3	10.5	5.9	50.0
Labatt	6.6	4.8	6.9	4.9	9.0	5.6	9.5	5.3	5.6
St. Pauli Girl	2.0	1.5	2.4	1.7	3.0	1.9	4.5#	2.5	50.0
Guinness Harp	1.6	1.1	1.7	1.2	3.9	2.4	4.1	2.3	5.1
Carling O'Keefe	–	–	–	–	4.5	2.8	4.0	2.2	(11.1)
Tecate	–	–	–	–	3.8	2.3	2.7	1.5	(28.9)
Foster	1.4	1.0	1.6	1.1	1.7	1.1	1.7	1.0	–
Grolsch	1.4	1.0	1.6	1.1	1.8	1.1	1.5	0.9	(16.7)
Kronenbourg	–	–	0.7	0.5	1.2	0.7	1.4	0.8	16.7
San Miguel	–	–	–	–	1.1	0.7	1.4	0.8	27.3
Carta Blanca	1.8	1.3	2.1	1.5	2.3	1.4	1.3	0.7	(43.5)
Kirin	–	–	–	–	1.4	0.9	1.3	0.7	(7.1)
Bass ale	0.8	1.1	0.9	1.1	1.0	0.6	1.1	0.6	10.0
Amstel Light	–	–	0.5	0.3	0.7	0.4	1.1	0.6	57.1
Tsingtao	0.2	0.1	0.4	0.3	0.8	0.5	1.0	0.6	25.0
Bohemian	–	–	–	–	0.7	0.4	0.8	0.4	14.3
Carlsburg	–	–	–	–	–	–	0.7	0.4	–
DAB	–	–	–	–	–	–	0.7	0.4	–
Kalback	–	–	–	–	0.1	0.1	0.1	0.1	–
Others	18.2	13.2	17.0	12.0	5.0	3.0	3.1	1.7	(38.0)
Total	137.7	100.0%	141.6	100.0%	161.8	100.0%	178.4	100.0%	10.3 %

* Volume change, 1981-82.
# Adversely affected by 2½ month strike in summer of 1982.

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John Maxwell, Beverage Industry June 10, 1983

Beverage containers only bright spot in 1982 packaging industry picture

NEW YORK—The packaging industry has just come off its second unimpressive year in a row. Over capacity for glass, low operating rates for cans, and under capacity operating utilization rates and high discounting of PET results in total volume being flat-to-down in 1982.

Yet, this bleak description of the industry, revealed at the Tenth Annual Container Industry Conference here, is not without a rosier projection for the future. Art Stupay, partner at Prescott Ball & Turben, sponsors of the conference, says all sectors of the container industry are expected to show improved volume growth in 1983 and '84.

And, while the overall packaging industry remained flat last year, it was not all bad news for the beverage packaging segment.

Soft drink returnables and one-ways combined to show an increase of 1 million gross units, or 2%. This was due for the most part, according to Stupay, to the increased market share captured by Owens-Illinois' Plasti-Shield bottle. Yet, the gain in this segment, along with a 4% increase in unit shipments of glass containers for food, were not enough to off-set the decline in the category as a whole; glass container unit shipments were off 4% and dollar sales were flat.

NR beer shipments were down 10-11% in 1982, after

(Continued on page 6)

Clearing house offered for PET, NRs in New York

Zeroing in on New York City, MetroMining's "mixed bag" refers to the company's promise that no brand sorting will be performed at retail outlets that are participating in the Metro program.

NEW YORK, NY — A "mixed bag" is a blessing? At least that is the proclamation of Metropolitan Mining Co. A new company, MetroMining© offers a third party, clearing house system for returning used beverage containers in New York City. The "mixed bag" refers to its promise that no brand sorting will be performed at retail outlets that are participating in the Metro program.

"Stores will still have to sort the containers by container type," said Henry A. Waxman, president of the company, "but within that framework, we will do all the brand sorting with newly developed, high-speed sorting lines."

The company promises to handle all cans, PET and NR bottles. "We have no place in the returnable/refillable package loop," continued Waxman. "If a store sells refillables, they accept the responsiblity of brand sorting. There is no service we can perform there."

The challenge of MetroMining will be the estimated 3.7 billion non-refillable containers that dominate the metropolitan New York market. If not replaced by refillables, they will represent a huge flood of returning containers, even at conservative return rates.

For collections, the company's plan includes a network of neighborhood redemption centers to help reduce the flow of containers through the supermarkets and retail outlets. Those centers will be located only where general support is available from the local retailers since their cooperation would be necessary to create the needed traffic flow. For the packages that return through retailers, MetroMining will set up bag systems for cans and PET

(Continued on page 9)

Pabst Brewing backs Olympia in ad campaign

MILWAUKEE, WI—The Pabst Brewing Co. has announced a new advertising campaign in support of its recently acquired brand, Olympia beer.

The campaign, which began April 2, is a mix of spot and national television, radio and outdoor advertising that is backed by point-of-sale materials and complementary packaging.

Olympia's campaign is a straight-forward approach that asserts, "No beer on the market tastes better than Oly." It's reinforced with the tag line, "Pour an Oly and you're second to none."

Pabst officials would not disclose how much the campaign is costing the company,

(Continued on page 9)

onto a rotating mandrel wheel, which opens each sleeve into a carton, folding and sealing the bottom. The carton then enters an aseptic zone, where it is sterilized. The carton is then filled with UHT treated product, ultrasonically sealed on top, hot embossed wipe proof date coding applied and conveyed to downstream equipment.

The aseptic line at Sodus is laid out with downstream equipment at a right angle to the filler. The line includes an accumulation table (to allow for downstream stoppages to be corrected without backup), a straw applicator (each carton affixed with a sipping straw that can be inserted into a foil covered opening in the carton), a bundle packer (bringing three cartons together with a strip of tape), a UPC coder, a case packer (where multi-packs are positioned into trays in a pattern of three by eight), and a shrink wrapper.

Full production on the first line began in April, after some preliminary batch testing. While initial packaging will be devoted to products under the Indian Summer label, the company as a major supplier of private label apple juice and apple cider (40% of its volume) also has committed selected food retailers and wholesalers in the Midwest and East to aseptic packaging for apple juice and apple cider under their store labels.

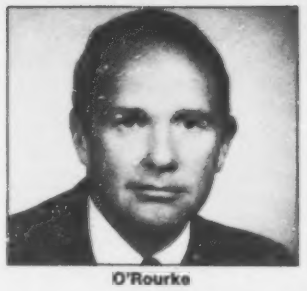
Private label supply will play a role in this venture, especially since store brand merchandisers have been eyeing aseptics for some time, but have been unable to invest in the capital outlay for equipment, because of the low volume sales for their store brands. Indian Summer's entry is viewed as a welcomed opportunity for these label owners to keep their private label packaging up-to-date, comparable to national brands now entering the aseptic juice market.

Indian Summer is right in step with this trend. Says Jim Goodlander, controller, "the payout on this investment will be within three to four years. If the aseptic package achieves the expected high consumer acceptance, we plan to add similar lines in our other Midwest plants.

• For more information on **Indian Summer,** circle no. 194 on reader service card; for **Combibloc,** circle no. 195 on card.

O'Rourke named executive vp of Coke Chicago

CHICAGO, IL — William O'Rourke has been named executive vp of the Coca-Cola Bottling Co. of Chicago.



O'Rourke

O'Rourke left the Joyce Beverage Co. after 24 years of service to take the new position. He served as president and chief operating officer for the Chicago Joyce operation, the area's 7UP and Dr Pepper bottler.

O'Rourke will serve in virtually the same capacity with Coca-Cola Chicago with overall operational responsibility.

He joined Joyce in 1959 as a route salesman and advanced steadily, first moving to its Washington, DC, facility as district sales manager in 1961.

In 1964 he was transferred to Chicago where he served as marketing coordinator. Then in 1979 he was named president and COO for the Chicago operation.

O'Rourke is the chairman of the Illinois Soft Drink Association and holds a membership in a number of other organizations including the Sales Marketing Executive's Club of Chicago.

Beer

(Continued from page 4)

further adverse effect on Mexican imports may be evidenced since their duty-free status into the U.S. has ended and they are suing President Reagan. This could cause prices at the retail level to increase sharply, he says.

Imported beer is one of the fastest-growing segments of the brewing industry, along with the light and upper-premium sectors according to Maxwell's research. Import sales are growing at a "healthy" rate of 6% to 10% per year and have quadrupled since 1975. Maxwell believes strong growth will continue in this segment of the industry throughout the 1980's.

Advertising expenditures have increased significantly, he says, and should continue to do so as importers actively vie for a larger share of the American marketplace.

This healthy growth rate should be the result of several factors, including the change in the image of beer as "the working man's drink and its social acceptance by the white collar class," according to Maxwell.

"There are now enough varieties of imports on the market to satisfy the most discriminating of connoisseurs. Another plus for imported beer is the increasing movement away from distilled spirits," he concludes.

STALEY... YOUR KEY TO QUALITY SWEETENERS FROM CORN

Staley corn sweeteners are recognized as the "standards of quality" against which other sweeteners are judged. Whether regular conversion syrup, high fructose syrup, crystalline dextrose, liquid dextrose, or corn syrup solids. . .Staley quality is unexcelled.

Staley sweeteners are manufactured in compliance with recognized GMP's at all five of the company's sweetener plants. Staley sweeteners must conform to precise individual specifications for properties such as D.E., solids, pH, color, ash and saccharides. These and other properties are regularly monitored to assure Staley customers that the sweeteners they receive are exactly as specified, shipment after shipment.

For today's food or beverage processor, striving to increase sales, gain approvals and improve margins, it just makes good sense to use the best ingredients available. This is especially true when, as is the case with Staley sweeteners, they cost no more than competing products.

It's been 'service', 'price', 'quality' and 'invention' that have put Staley at the forefront of the sweetener industry and our continued dedication to these values will keep us there.

If your name stands for quality, count on the quality sweeteners from Staley!

A.E. Staley Mfg. Co.
2200 E. Eldorado St.
Decatur, Illinois 62525
217/423-4411

Staley

Circle No. 115 on Reader Service Card

Packaging

(Continued from page 4)

an 8% decline in 1981. The cause for this, says Stupay, was an increase in market share by Anheuser-Busch at the expense of Miller, which built its marketing program on NR glass. Liquor bottle shipments were off 10%; wine bottle shipments were down by 1 million gross.

Stupay predicts, though, that 1983 will be a much better year than last. Many glass manufacturers have trimmed operations and cost. Ball, Dorsey and O-I have closed plants and reduced facilities. A new labor contract and lower number of workers will result in cost increases rising at a much slower rate than a year ago. Stupay also anticipates energy costs and raw materials costs to be moderated, and at the same time, expects the industry to produce at a higher operating rate due to further capacity reduction.

Offsetting this optimistic outlook for the glass industry is Stupay's prediction of further inroads by plastic manufacturers into beverage packaging. The introduction of 1.75-L liquor bottles and larger sized wine bottles could hurt glass manufacturers, as will the anticipated sale of unpasteurized beer in 3- and 4-L containers. Stupay does not see any significant inroads made with the .5-L PET this year, but a start will certainly be made.

All things considered, Stupay forecasts that glass containers will show a 2%-2½% volume rise in 1983 from its level a year ago. This estimate is based on the assumption that GNP will rise a real level of 3%, increasing demand for beer, soft drinks, and more cyclical products like liquor, toiletries and cosmetics.

Overall metal can sales were about flat in volume terms last year, with dollar sales up about 4%. Major declines in shipments of cans for non-food were offset by increases in beverage can production. Shipments of beer cans rose 2.7%, soft drink cans rose 3.1%. The increase in soft drink cans, Stupay says, is due to marketing programs featuring 12 pack cans, similar to those used in the beer industry. Two-piece cans accounted for nearly all soft drink cans. Aluminum soft drink cans increased by 10%, while two-piece steel cans were off by 3% (from a much lower base).

Aluminum beer can volume rose by 8%, two-piece steel cans dropped precipitously, as A-B and other brewers shifted to aluminum in mandatory deposit states because of its scrap value.

In 1983, Stupay predicts can sales to increase 2-3%. Beer cans are expected to rise with increased consumption resulting from can marketing programs. Sixteen ounce soft drink cans could also boost demand for soft drinks.

By mid-1983, Stupay anticipates that much can manufacturing overcapacity will be reduced as a number of can lines are removed. As capacity is reduced, prices are expected to rise with metal costs at a modest rate.

The major challenge for can companies this year, states Stupay, is to increase margins, raise productivity and introduce even lighter weight, cost saving aluminum material.

PET beverage bottle manufacturing enjoyed its heyday in the 1979-81 period, according to Stupay. Volume rose from virtually a zero base in 1977 to 2.4 billion 2-L units in 1982. The problem by last year, though, was that while production was at 2.4 billion units, gross capacity stood at 3.2-3.4 billion, based on the number of bottle forming machines in place. Net capacity, however, assuming that most operators cannot run machines at full capacity and the sustainable operating rate was 85-90%, was at 2.7-2.9 billion. Combined production of 2-L bottles along with the 200 million 1-L bottles that were produced last year, resulted in total output of 2.5 billion equivalent 2-L bottles. This reflects an opeating rate of 75-80%.

Stupay puts shipments of .5-L bottles at 300 million units in 1982. With 15 machines in place last year, capacity was about 1 billion units.

One of the major drawbacks for PET bottles, says Stupay, is that material costs rely on the price of crude oil. He estimates that for every increase or decrease in the crude oil price of $1 per barrel, the resin price would rise or fall between 1.2 and 1.5 cents per pound.

With the Bureau of Alcohol, Tobacco and Firearms' approval of PET bottles for liquor last year, Stupay predicts Brown-Foreman, Seagrams and several other companies will begin using 1.75-L bottles for gin and vodka.

The potential market there, says Stupay, is 240 million units, not enough to affect glass shipments significantly. Only 11% of all liquor bottles shipped were over 1-L, representing less than 0.5% of total glass volume. If PET gained half of that market, plastics sales would rise $50 million, and glass would lose an insignificant market share.

Commenting on the effects of the New York State deposit legislation, Stupay concludes beverage consumption can be expected to fall modestly for the first year. In addition, he notes, can shipments could drop as much as 50% in the first several months, but then pick up as consumers get familiar with the deposit system. One-way glass would drop less sharply than cans. In 15 months to two years, can and one-way bottle sales could be restored to pre-deposit law levels, as in Vermont.

Package mix for beer in mandatory deposit states

Two Tier States

	Oregon (Effective 10/72)			Michigan (Effective 12/78)		
Package	**1971**	**1977**	**1981**	**1977**	**1979**	**1981**
Cans	33%	6%	31%	64%	36%	37%
One-way Bottles	19	18	16	14	21	23
Refillables	25	53	29	11	29	23
Draught	23	23	24	11	14	17
Total	100%	100%	100%	100%	100%	100%

Single Tier States

	Vermont (Effective 9/73)			Connecticut 1/80		Iowa (7/79)	
	1970	**1977**	**1981**	**1979**	**1981**	**1979**	**1981**
Cans	39%	28%	25%	33%	31%	65%	58%
One-way Bottles	45	41	51	46	42	13	12
Refillables	10	16	11	7	8	8	8
Draught	6	15	13	14	19	14	22
Total	100%	100%	100%	100%	100%	100%	100%

Source: United States Brewers Association

Copyright: Beverage Industry, June 10, 1983

The economy and packaging

	1979	1980	1981	1982E	1983E
GNP (Trillion)	$ 2.4	$ 2.6	$ 2.9	$ 3.0	$ 3.3
% Packaging	1.7	1.7	1.7	1.7	1.7
Packaging (Billion)	$41.0	$44.5	$49.0	$51.0	$55.0
% Glass	10.9	10.8	10.5	10.0	9.8
% Metal	22.0	21.5	20.6	20.6	20.5
Glass Containers (Bil $)	$4.45	$ 4.8	$ 5.1	$ 5.1	$ 5.4
Glass Volume (Mil. Gross)	323	326	321	308	318
Metal Cans (Bil $)	$ 9.0	$ 9.6	$10.1	$10.5	$11.3
Can Volume (Billion Cans)	89	89	89	90+	92

E-Estimated, P-Projected

Glass container unit sales

(In Million Gross)

End-Use Markets	1978	1979	1980	1981	1982E	1983E
Food	92.6	93.2	89.3	91	95	97
Beer*	106.5	117.7	122.7	116	105	108
Soft Drinks*	61.4	55.0	57.8	60	61	62
Liquor	16.5	15.8	15.8	16	13	15
Wine	8.5	8.5	8.8	9	8	9
Non-Foods	31.8	29.6	29.5	27+	24	25
Export	2.2	2.9	2.2	2	2	2
Total	319.5	322.8	326.1	321	308	318

*Non-returnables and returnables combined.
E-Estimated

Note: Data for 1980 through 1982 have been significantly revised and are still subject to error.

Metal can sales

(Billion cans)

End-Use Markets	1978	1979	1980	1981	1982E	1983E
Food	30.3	30.0	29	29	28	29
Beer	28.9	28.7	29	31	32	33
Soft Drinks	25.5	25.7	26	25	26	26+
Non-Foods	5.1	4.9	5	5	4	5
Total	89.8	89.3	89	89	89-90	93+

P-Projected; E-Estimated

Source: Prescott Ball & Turben

Copyright: Beverage Industry, June 10, 1983

Liquor bottle shipments, by size

Million Units (1981)	(Glass) Units-Millions	% Total
Under 275 ml	700	31
276-500 ml	285	13
501-800 ml	475	22
801-1,000 ml	500	23
Over 1,000 ml	240	11
Total	2,200	100

Source: Prescott Ball & Turben

Copyright: Beverage Industry, June 10, 1983

Beverage consumption & packaging in N.Y. State

Mil equiv. 12-oz. Units	One-Way Glass	Cans
Beer	2,080	1,350
Soft Drinks	936	2,023
Total N.Y. State	3,016	3,373
National Shipments	29,117	56,326
N.Y. State % National	10.4%	6.0%

Source: Prescott Ball & Turben

Copyright: Beverage Industry, June 10, 1983

BEST AVAILABLE COPY

HFCS capacity of U.S. producers, 1974-79

(Mil. lbs. dry and liquid basis)

	1980		1981		1982		1983		1984	
	Dry	Liquid	Dry	Liquid	Dry	Liquid	Dry	Liquid	Dry	Liquid
42% HFCS										
ADM	1,300	1,831	1,300	1,831	1,260	1,775	1,420	2,000	1,420	2,000
CPC (a)	355	500	535	750	710	1,000	710	1,000	710	1,000
Nabisco Brands (b)	670	817	495	697	160	225	—	—	—	—
Staley	850	1,200	426	600	426	600	426	600	426	600
Amstar (c)	300	420	300	420	300	420	300	420	300	420
Heinz (Hubinger)	250	350	250	350	250	350	250	350	250	350
Cargill, Inc.	264	371	213	300	405	571	405	571	405	571
Amalgamated Sugar-American Maize	135	190	135	190	125	175	125	175	125	175
Holly Sugar (d)	100	141	100	141	100	141	100	141	100	141
Total	4,224	5,820	3,754	5,279	3,736	5,257	3,736	5,257	3,736	5,257
55% HFCS										
Staley	616	800	1,617	2,100	1,617	2,100	2,100	2,700	2,100	2,700
ADM	550	714	1,250	1,623	1,360	1,768	1,720	2,233	1,720	2,233
Nabisco Brands (b)	300	366	460	597	260	337	—	—	—	—
American Maize	—	—	250	325	250	325	250	325	250	325
Cargill, Inc.	—	—	268	348	536	696	536	696	536	696
Heinz (Hubinger)	150	195	150	195	150	195	150	195	150	195
CPC (a)	—	—	—	—	100	130	100	130	100	130
Total	1,616	2,075	3,995	5,188	4,273	5,551	4,856	6,279	4,856	6,279
GRAND TOTAL	**5,840**	**7,895**	**7,749**	**10,467**	**8,009**	**10,808**	**8,592**	**11,536**	**8,592**	**11,536**

(a) Does not include Canadian plant potential of 300 million pounds, dry basis.
(b) As of June 14, 1982, Nabisco Brands capacity was leased to ADM.
(c) We understand Amstar is adding 200 million pounds of 55% HFCS capacity in 1983, this is not included in the table.
(d) Holly Sugar recently closed its facilities.
Lehman Brothers Kuhn Loeb estimates.
Source: Lehman Brothers Kuhn Loeb Research

Copyright: John C. Maxwell and Beverage Industry, June 10, 1983

Sweeteners

(Continued from page 1)

in the '80s.

If they are right, we have not seen the end of the segmentation by ingredients, a fairly recent phenomenon in the soft drink industry.

On the horizon are a number of noncaloric sweeteners, which should add to this segmentation in the sweetener category.

It's these new noncaloric sweeteners, along with increases in the allowable HFCS levels, that will be responsible for the increased segmentation in the industry. These new trends also seem to paint a bleak outlook for sucrose manufacturers.

In fact many observers feel that HFCS along with nonnutritive sweeteners will eventually replace sucrose in soft drinks entirely.

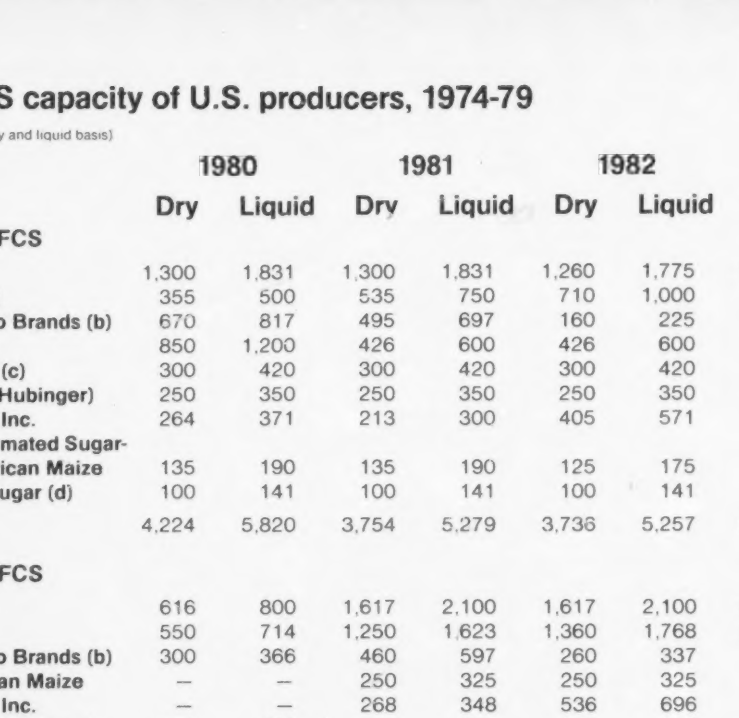
"Frankly, I don't see what's holding it back," said Wayne Renshaw, marketing communications manager for A.E. Staley, a major manufacturer of HFCS.

What's been holding back its complete acceptance is questions about its taste because while Pepsi just approved its use in brand Pepsi,

No one knows better what's best for your Meyer machine

Give us your overhaul schedule. We'll provide you with a machinery evaluation, including parts and installation costs. Then, from start to finish, one of our field technicians will expertly co-ordinate your Meyer overhaul. Meyer overhauls include genuine Meyer parts manufactured to original specifications. Your machine's performance will be updated with the latest Meyer improvements in design and materials. Trust your overhauls to the experts with over 75 years of experience.

THE SERVICE. THE PARTS. THE BEST GETTING BETTER FOR YOU!



Call TOLL FREE (800) 558-5844
In Wisconsin (414) 747-6222

MEYER Akron Packaging Machinery
Call TOLL FREE (800) 321-8268
In Ohio (216) 923-0491

MEYERWORLD Packaging Machinery
Call TOLL FREE (800) 343-6098
In Massachusetts (617) 835-6011

FIGGIE INTERNATIONAL COMPANIES M-6

Circle No. 113 on Reader Service Card

Approved allowable levels for HFCS and sucrose, 1981

Company and brand	Sucrose and 42% HFCS	55% HFCS
A&W Enterprises		
A & W Root Beer	100%/0%	0%/100%
Barq's		
Barq's Root Beer	50%/50%	0%/100%
Flavors	50%/50%	0%/100%
Coca-Cola Co.		
Coca-Cola	NA	50%/50%*
Sprite	75%/25%	0%/100%
Mr. Pibb	50%/50%	0%/100%
Mello Yello	75%/25%	0%/100%
Hi-C	75%/25%	0%/100%
Santiba	75%/25%	0%/100%
Fanta	**	**
Proctor & Gamble		
Crush flavors	NA	0%/100%
Hires	NA	0%/100%
Sun Drop	NA	0%/100%
Dad's Root Beer Co.		
Dad's Root Beer	0%/100%	0%/100%
Bubble Up	0%/100%	0%/100%
Delaware Punch		
Delaware Punch flavors	0%/100%	0%/100%
Dr Pepper Co.		
Dr Pepper	50%/50%	25%/75%
Barrel Head Root Beer	0%/100%	0%/100%
Orange Spot	50%/50%	50%/50%
Sun Ripe Orange	50%/50%	50%/50%
Wink	50%/50%	50%/50%
Hi-Spot	50%/50%	50%/50%
Canada Dry Tonic	75%/25%	50%/50%
Canada Dry flavors	0%/100%	0%/100%
Welch Sparkling Flavors	0%/100%	0%/100%
General Foods		
Country Time	75%/25%	25%/75%
Lipton		
Iced Tea	25%/75%	0%/100%
Lemon Tree	25%/75%	0%/100%

*50% replacement of HFCS 55 is authorized in packaged product; 75% replacement in fountain products.
**50% replacement of HFCS 42 and 55 in strawberry, grape, root beer, red cherry, black cherry, red cream and birch beer; 25% replacement in Collins, ginger ale, grapefruit, lemon-lime, orange, o-water, iced tea.

(Continued on page 12)

BEST AVAILABLE COPY

it has been experimenting with lower usage rates in its Mountain Dew.

Improvements apparently have been made in the quality of HFCS, though. "We work continually to improve in terms of quality and there have been some improvements," said Renshaw. "We've further reduced the trace level elements which were at a very low level to begin with."

All of this has not been a pleasant pill to swallow for the sugar industry. Overall, total domestic consumption of HFCS on a per capita basis has been plummeting over the last two years after a period of stagnation. But it's been sugar that's been the big loser, according to **BI** director of research/statistics John C. Maxwell, Jr.

In a recent report, Maxwell reported U.S. per capita sugar consumption fell again in 1982 to 73.7 lbs. compared to 79.5 lbs. in 1981. HFCS picked up 3.7 lbs. per person to reach 27.2, while total sugar and HFCS consumption was off 2%."

Maxwell said the decline can be attributed to the economy as well as the health and diet-consciousness of consumers.

Sugar association officials see little hope for turning the situation around. Said one official from the U.S. Cane Sugar Association, "There's not much we can do. People are going to go to something economically feasible."

A spokesman for the U.S. Beet Sugar Association conceded that while HFCS may continue to be the dominant sweetener for soft drinks, it's overall popularity will level off.

"Certainly, it's going to level off. We don't see this (the shift from sugar to HFCS) continuing at its present rate.

"One of the constraints will be capacity of the corn industry," the source said. "There's a question, too, on how much more of an investment the corn industry is willing to build even more sweetener plants."

Maxwell predicts that sugar consumption will decline again in 1983 to about 71 lbs. per person. He predicts, just like in 1982, HFCS consumption will not absorb all of the decline and total caloric sweetener consumption will fall about 2.4%

He believes this decline is primarily the result of the growth of the diet-consciousness of Americans, which is exemplified by the growth of the diet segment of the soft drink industry.

Here, too, is a dynamic area of the industry. The search continues for the perfect artificial sweetener. And there are many being now studied by the FDA.

Here's a rundown based on information from the Calorie Control Council:

- Saccharin, which is 300 times sweeter than sucrose, has been used since around the turn of the century. It has a slight aftertaste, but it has a history of safe human usage. The body does not metabolize saccharin and it is excreted by the kidneys unchanged. In 1977, the FDA proposed a ban on saccharin because it caused bladder tumors in rats, but a Congressional moratorium was placed on the ban to allow for further research. This moratorium was just extended for another two years.
- Aspartame, which is 200 times sweeter than sucrose, has a sugar-like taste, but is

Low calorie sweeteners in the 1980's:

Economic data for 1982

Sweetener	Sweetness relative to sugar (sugar = 1)	Annual world production s.t.	Wholesale price $/lb.	Refined sugar food use 1,000 s.t.	Equivalent price $/lb.
Saccharin	300	6,500	4.00	1,500	.013
Cyclamate	30	3,150	1.90	105	.063
Aspartame	200	250	85.00	50	.425
Acesulfame K	150	1	11.00	0	.073
Stevioside	150	165	17.50	22	.118

Source: Schnittker Associates

Copyright: Beverage Industry, June 10, 1983

Domestic sugar and HFCS consumption

	1970	1975	1980	1981	1982	1983
Sugar (000 short tons raw)	11,163	10,302	10,189	9,770	9,150	8,900
HFCS (000 tons, dry)	75.0	530.5	2,174.0	2,700	3,150.0	3,205.0

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John C. Maxwell and Beverage Industry, June 10, 1983

Big Red is Beautiful!
Talk about bottom line. In looks, taste and profitability, Big Red is beautiful. In almost every case, Big Red is the number one red drink wherever it's sold. That's a record that speaks for itself. We would like you to know more... call now.
Donal S. Sharp, President, BIG RED, INC.
P.O. Box 204, Waco, Texas 76703
(817) 772-7791
deliciously different!
BIG RED
Eight 16 oz.

Circle No. 103 on Reader Service Card

not stable at prolonged high heat and not suitable for baking, cooking or products that have to be heat-sterilized. As for beverages, its stability may pose problems for some applications, geographical areas and other market conditions, and it's expensive. It is digested as a protein and indications are it is no more dangerous than consuming protein.

The FDA approved Aspartame for use as a tabletop sweetener and in various foods and dry beverage mixes in 1981 and approval is expected soon for use in carbonated and refrigerated/frozen beverages. It is in use in at least 10 countries.

• Cyclamate, which was banned in 1970 because it was thought to be a carcinogen, is backed by 75 new studies on a petition to reapprove it. It is 30 times sweeter than sucrose and has the least sweetening power of the non-caloric sweeteners under consideration. The petition for reapproval is pending; it's approved for use in 40 countries now.

• Acesulfame K, which is 200 times sweeter than sucrose, has the potential to be used in all areas where sweeteners are presently used. Many studies have been conducted and no ill effects have been reported. It has a long shelf life and is relatively stable, but has a slight aftertaste.

And there are others, too, but approval for most of them is farther off because in most cases testing has been limited. According to the Calorie Control Council, these include:

• Thaumatin, a mixture of sweet-tasting proteins from a West African fruit that's 2,000 to 3,000 times sweeter than sucrose.

• Glycerrhizin, a non-caloric extract of the licorice root, which is 100 times sweeter than sucrose and has already been approved here. Its licorice flavor has limited its use to date.

• Stevioside has been approved for use in Japan. It's an extract from the leaves of a South-American plant and 300 times sweeter than sucrose. Prospects look good because it is long-lasting, soluble and stable and has already been used in soft drinks.

• Chloroderivatives of sucrose are produced by altering the sucrose molecule. They range from 5 to 2000 times the sweetness of sucrose, but have not yet been approved for use anywhere.

• Dihydrochalones are non-caloric sweetners derived from the bioflavonoids of citrus fruits. It's 300 to 2000 times sweeter than sucrose, but has not been approved for use anywhere yet.

• L-Sugars are "left-handed" counterparts of common sugars, but have not been approved for use anywhere.

No doubt with so many alternatives the future prospects for sucrose in the soft drink industry is bleak. Whether caloric or non-caloric, there are many cost-effective alternatives that appear to be ready to take its place.

With regard to flavors, it doesn't appear that there's anything new breaking into the picture.

There may be, however, a move by the industry to expand to greater bottling of juice drinks. Top level industry sources are continuing to grapple with new ways to increase sales volume and this may be one of them.

Harold Bateman, president of Hurty Peck and vp and manager of the beverage industry for Universal Flavors, is one executive that sees this as a trend.

"People want high juice drinks naturally flavored with no artificial coloring or additives. That seems to be the profile of the juice drink of the future," said Bateman.

As an example, Bateman pointed to Shasta's success with CapriSun. Bateman said that while in the past non-carbonated juice drinks have been considered "belly wash" by those in the industry, this new emphasis on "quality and natural ingredients" will give them a new credibility.

Lee Kohnstamm, vp-V and E Kohnstamm, agreed there is great potential for this trend. "Aseptic packaging will be the market for juice drinks," he said, but added that costliness of the machinery and marketing problems may pose roadblocks.

In addition, Kohnstamm noted an increase in the popularity of whipped drinks, particularly pina colada flavoring.

(Continued from page 10)

Company and brand	Sucrose and 42% HFCS	Sucrose and 55% HFCS
Monarch		
Nesbit	50%/50%	0%/100%
Sun Crest	50%/50%	0%/100%
Nugrape	50%/50%	0%/100%
Kick-a-poo	50%/50%	0%/100%
Mason's Root Beer	0%/100%	0%/100%
Flavette	50%/50%	0%/100%
Mr. Flavor	50%/50%	0%/100%
Dr. Wells	50%/50%	0%/100%
Moxie	50%/50%	0%/100%
Frostie Root Beer	0%/100%	0%/100%
Nestle		
Nestea	0%/100%	0%/100%
Pepsi Cola Co.		
Pepsi-Cola	NA	50%/50%
Mountain Dew	NA	0%/100%
Patio	0%/100%	0%/100%
Teem	50%/50%	0%/50%
R. J. Reynolds		
Hawaiian Punch*	65%/35%	65%/35%
*Company is testing at higher levels of HFCS 55		
Royal Crown Cola Co.		
RC	75%/25%	50%/50%
Nehi	0%/100%	0%/100%
Upper Ten	0%/100%	0%/100%
Schweppes		
Flavors	0%/100%	0%/100%
Tonic	76%/24%	0%/100%
Ginger Ale	76%/24%	0%/100%
Collins	76%/24%	0%/100%
Ginger Beer	76%/24%	0%/100%
Rondo	76%/24%	0%/100%
Bitter Lemon	76%/24%	0%/100%
Seven Up Co.		
Seven-Up	75%/25%	0%/100%
Like	—	—
Howdy	75%/25%	0%/100%
Shasta		
All products	50%/50%	0%/100%
Squirt Inc.		
Squirt	0%/100%	0%/100%
Sunkist		
Orange	75%/25%	0%/100%
Sun-Rise		
Flavors	0%/100%	0%/100%
White Lightnin'	50%/50%	0%/100%
Triple XXX		
Root Beer	0%/100%	0%/100%
Tru Ade		
Flavors	0%/100%	0%/100%
Vernor's Inc.		
Ginger Ale	0%/100%	0%/100%
Yoo-Hoo		
Chocolate, flavors	10%/90%	—

NA = Not approved at presstime
Source: Franchise Co. officials, A. E. Staley

Copyright: Beverage Industry June 10, 1983

Virginia Dare is for Flavor Lovers

If you're a flavor lover, you'll love Virginia Dare. And so will your customers for carbonated and still beverages, syrups, slush and whipped beverages, wines and liqueurs.

For that flavor you yearn for, why not call or write us. It could be the start of a lasting relationship.

VIRGINIA DARE—FLAVORS FOR EVERY NEED.

VIRGINIA DARE EXTRACT CO., INC.

882 Third Avenue, Brooklyn, N.Y. 11232 • Phone (212) 788-1776
Cable: VADARE, NEW YORK • Telex: 425707

Circle No. 116 on Reader Service Card

BEST AVAILABLE COPY